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New Mexico Statistical Office

Weekly Ag Update

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WEATHER SUMMARY

A surge of tropical moisture from the south left the state unusually warm and wet for the last week of the year. The moisture fell mainly as steady rain for most locations. Some of the snow cover below 9,500 feet was initially lost because of the rain, but then high elevation conditions turned colder and some heavy accumulations were reported in the northern mountains.

NEW MEXICO WEATHER CONDITIONS - December 27, 2004 - January 2, 2005

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	12/27 01/02	01/01 01/01	Normal Jan	01/01 01/02	Normal Jan-Jan
Farmington	40.7	62	28	0.13	0.03	0.59	0.03	0.59
Gallup	38.1	54	24	0.02	0.02	0.80	0.02	0.80
Capulin	39.1	56	24	0.00	0.00	0.40	0.00	0.40
Chama	31.7	50	13	0.04	0.00	1.77	0.00	1.77
Johnson Ranch	35.9	54	10	0.00	0.00	0.67	0.00	0.67
Las Vegas	41.9	58	25	0.23	0.19	0.60	0.19	0.60
Los Alamos	36.9	47	26	0.52	0.00	0.86	0.00	0.86
Raton	37.3	56	19	0.00	0.00	0.47	0.00	0.47
Red River	30.1	46	9	0.86	0.02	1.07	0.02	1.07
Santa Fe	37.5	54	23	0.27	0.06	0.63	0.06	0.63
Clayton	45.4	63	27	0.11	0.11	0.24	0.11	0.24
Clovis	47.2	64	28	0.01	0.00	0.39	0.00	0.39
Roy	42.6	58	27	0.00	0.00	0.34	0.00	0.34
Tucumcari	49.2	68	32	0.13	0.13	0.28	0.13	0.28
Grants	36.0	58	17	0.43	0.21	0.49	0.21	0.49
Quemado	39.1	54	25	0.51	0.00	0.83	0.00	0.83
Silver City	42.1	58	23	1.46	0.00	1.16	0.00	1.16
Albuquerque	42.1	62	25	0.48	0.23	0.44	0.23	0.44
Carrizozo	42.5	64	21	0.59	0.59	0.60	0.59	0.60
Socorro	42.1	66	24	0.17	0.17	0.39	0.17	0.39
Gran Quivera	40.2	57	24	0.13	0.08	0.70	0.08	0.70
Moriarty	34.6	59	10	0.12	0.27	0.43	0.27	0.43
Ruidoso	43.1	56	25	0.60	0.60	1.12	0.60	1.12
Carlsbad	48.9	71	29	0.00	0.00	0.35	0.00	0.35
Roswell	41.7	72	11	0.00	0.02	0.43	0.02	0.43
Tatum	45.7	67	19	0.00	0.00	0.39	0.00	0.39
Alamogordo	51.6	65	35	0.14	0.10	0.67	0.10	0.67
Animas	50.2	67	31	0.53	0.53	0.68	0.53	0.68
Deming	46.7	67	24	0.16	0.16	0.56	0.16	0.56
Las Cruces	47.9	66	24	0.00	0.06	0.46	0.06	0.46
T or C	47.9	67	27	0.00	0.00	0.46	0.00	0.46

(T) Trace (-) No Report (*) Correction
All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.

AGRICULTURAL PRICES RECEIVED

NEW MEXICO: Alfalfa hay prices in December averaged $120.00 per ton compared to $121.00 in November. All hay December prices decreased by $1.00 to $117.00 per ton. Cow prices for December came in at $52.00 per hundredweight, a $0.60 increase over the previous month price of $51.40 and $1.30 higher than the price of $50.70 in December 2003. The U.S. average price for cows for the month of December was $48.70. Steer and heifer prices dropped by $1.00 in December to $105.00 per hundredweight. This was still $13.10 higher than the national average of $91.90 per hundredweight. Calf prices remained steady at $124.00 per hundredweight, $3.00 above the U.S. average of $121.00 per hundredweight. Milk prices increased by $1.00 to $16.20 per hundredweight and were $0.30 below the national average of $16.50.

Prices Received by Farmers: Selected Commodities, November 2004 and December 2003-04

Commodity	Unit	New Mexico			U.S. [1/]
		Dec. 2003 [2/]	Nov. 2004 [2/]	Dec. 2004 [1/]	Dec.
		Dollars			
CROPS					
Grain Sorghum	Cwt.	–	–	–	2.94
Cotton, Upland	Lb.	–	–	–	.410
Potatoes	Cwt.	–	–	–	5.10
Hay, all baled	Ton	135.00	118.00	117.00	84.30
Alfalfa, baled	Ton	138.00	121.00	120.00	92.40
Peanuts	Lb.	–	–	–	.226
Corn	Bu.	–	–	–	1.99
Wheat, All	Bu.	–	–	–	3.38
LIVESTOCK					
Sheep [3/]	Cwt.	–	–	–	41.50
Lambs [3/]	Cwt.	–	–	–	101.00
Cows	Cwt.	50.70	51.40	52.00	48.70
Steers & Heifers	Cwt.	98.50	106.00	105.00	91.90
Calves	Cwt.	112.00	124.00	124.00	121.00
Milk	Cwt.	13.40	15.20	16.20	16.50

[1/] Mid-month [2/] Entire month [3/] November - entire month

NATIONAL HOG REPORT

NEW MEXICO: Hog inventory for 2004 remained at 2,500 head, unchanged from the 2003 total inventory. Hogs kept for breeding in 2004 were 300 compared to 400 the previous year. The market hog inventory increased from 2,100 head in 2003 to 2,200 head in 2004. Pigs per litter remained steady with the 2003 average at 7.5 compared to the 2004 national average of 8.94.

UNITED STATES: U.S. inventory of all hogs and pigs on December 1, 2004 was 60.5 million head. This was up slightly from December 1, 2003, but down 1 percent from September 1, 2004. Breeding inventory, at 5.97 million head, was down 1 percent from December 1, 2003, but up slightly from last quarter. Market hog inventory, at 54.5 million head, was up slightly from last year, but 2 percent below last quarter.

Hogs & Pigs: December 1, Inventory, Sows Farrowing, and Pig Crop, New Mexico and U.S., 2003-2004

	NEW MEXICO		UNITED STATES	
	2003	2004	2003	2004
	---1,000 Head---			
December 1 Inventory				
All hogs and pigs	2.5	2.5	60,444	60,501
Kept for breeding	0.4	0.3	6,009	5,969
Market	2.1	2.2	54,434	54,531
Market hogs and pigs by				
Under 60 pounds	1.0	0.5	19,778	19,636
60-119 pounds	0.3	0.6	13,238	13,439
120-170 pounds	0.3	0.6	11,109	11,286
180 pounds and over	0.5	0.5	10,311	10,171
Sows Farrowing				
Dec-Nov [1/]	0.40	0.40	11,429	11,445
	---Number---			
Pigs Per Litter				
Dec-Nov [1/]	7.50	7.50	8.88	8.94

[1/] December preceding year.

LIVESTOCK, DAIRY & POULTRY OUTLOOK

USDA, ERS, December 2004

2004 Dairy Records All Around: The year of 2004 has been incredible for the U.S. dairy industry. Milk production is a record or near-record, commercial use has hit new highs, and prices have been extremely volatile throughout the year. Farm milk prices have jumped more than a fourth from 2003's average to a record $16 per cwt. Expanded milk production in 2005 is projected to lend more stability to the industry and to lower prices. However, growth in milk production is not expected to be rapid, dairy product demand is expected to be pretty good, and commercial exports are projected to continue to absorb most of the domestic surplus of skim solids.
Milk prices are projected to lose only about half of their 2004 increase.

Slow Milk Production Growth To Continue: Milk production continues its cautious expansion, running about 1 percent above a year earlier since it moved positive in early summer. Strength in milk prices has proven more persistent than earlier thought, probably bringing milk cow numbers near a year earlier for the first time since early 2003. However, growth in milk per cow remains rather anemic, as forage problems continue, improved price ratios between milk and concentrate feeds have yet to make a splash, and bovine somatotropin (BST) remains limited.

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LIVESTOCK, DAIRY & POULTRY OUTLOOK

USDA, ERS, December 2004

(Continued)

Record farm milk prices in 2004 have bolstered milk cow numbers. Although concentrate feed prices were high for part of the year, returns over concentrate costs have averaged about the highest ever. These returns apparently slowed the exit of farms from dairying, having improved the ability of even the weaker operations to hold on. Some effects may last into 2005 as these farms probably have used some of this year's windfall to get ahead on critical expenses. The strong returns probably did not have as much impact on expansion by robust farms. Considerable incentive existed to keep facilities as full as possible, but many of the key factors in this year's prices likely were perceived to be too temporary to alter long-term growth plans. Even so, the infusion of cash probably will allow farms to expand somewhat sooner than otherwise.

Replacement heifer prices eased a little this autumn, but supplies probably have stayed tight. In 2004, replacement prices are expected to average over $1,600 per head, exceeding even the record of 2002. The United States remains closed to imports of breeding stock from Canada. The January inventory report might show a few more homegrown replacement heifers than at the start of 2004. However, any increase is likely to be modest because the greatest economic influence on this inventory would have been the relatively low replacement prices of 2003.

The upward drift in milk cow numbers that began early last winter appears to have peaked in early autumn. Cow numbers are projected to slowly decline in coming months as farm exits gradually resume, expansions stay moderate, and heifer supplies remain tight. Decreases may accelerate as 2005 progresses, but returns are expected to remain favorable enough to limit declines in cows. Cow numbers are expected to decline less than 1 percent in 2005, very similar to this year's slippage.

Milk per Cow Struggling: After a modest spur from favorable summer weather, milk per cow settled back into very weak growth. Restricted supplies of BST were a key factor but forage quality also played a role. A significant share of the hay produced in most major dairy areas this year was mediocre. Unusual culling due to the heifer shortage may also have been significant.

The price of milk relative to concentrate feed prices has been at levels associated with above-average growth in milk per cow since late 2003. However, the lack of apparent response may reflect mostly changes in feeding practices. The complexity of modern feeding has slowed responses to changes in economic incentives, and might even have diminished the role of prices in determining growth in milk per cow. Even so, ratios in 2005 are projected to favor, for the second straight year, increased feeding and recovery in milk per cow.

Monsanto has said that allocations will continue "well into 2005," but farmers using BST were able to start receiving 70 percent of normal use as of December 1, will get 85 percent as of January 1, and further boosts may occur. Expanded BST use could significantly enhance recovery in milk per cow growth, particularly since returns to the hormone are projected to be relatively favorable.

Milk per cow in 2004 is projected to total only about 1 percent more than in 2003, following a similar weak showing in 2003. Milk per cow in 2005 is expected to rise almost 3 percent, a seemingly impressive rise. However, this increase would represent a rather modest recovery towards the long-run trend. Milk production is projected to end 2004 stronger than earlier in the year. Even so, the annual total is expected to be almost unchanged from a year earlier. Output in 2005 is projected to expand about 2 percent, the first sizable rise since 2002.